

under the program. If any of such conditions occur or are discovered after payments have been made, all or any such part of the payments as the State committee may determine shall be refunded to CCC; or

(b) The landlord terminated a lease in violation of state law as determined by a state court.

Subpart F—Contract Violations and Diminution in Payments

SOURCE: 67 FR 64751, Oct. 21, 2002, unless otherwise noted.

§ 1412.601 Contract violations.

(a) Except as provided in paragraph (b) of this section, violations of contract requirements shall result in the termination of the contract. Upon such termination, all producers subject to the contract shall forfeit all rights to receive direct and counter-cyclical payments on the farm for the contract year and shall refund all direct and counter-cyclical payments received, plus interest, as determined in accordance with part 1403 of this chapter.

(b)(1) If there is a violation of § 1412.407 and CCC determines that a violation is not serious enough to warrant termination of the contract under paragraph (a) of this section, direct and counter-cyclical payments may be made to the producers specified on the contract, but in an amount that is reduced by an amount equal to the sum of:

(i) The per-acre market value of the fruits, vegetables, and wild rice, as determined by the State Committee, times the number of acres in violation, plus

(ii) The direct and counter-cyclical payments for each such acre.

(2) Producers must protect land enrolled in DCP from weeds, including noxious weeds, and erosion, including providing sufficient cover if determined necessary by the county committee. The first violation of this provision will result in a reduction in the direct payments for the farm by an amount equal to three times the cost of maintenance of the acreage, but not to exceed 50 percent of the total direct payments for the farm. The second violation of this provision will result in a

reduction in the direct payments for the farm by an amount equal to three times the cost of maintenance of the acreage, not to exceed the total direct payments for the farm.

§ 1412.602 Fruit, vegetable and wild rice acreage reporting violations.

(a)(1) If an acreage report of fruits, vegetables or wild rice planted on base acreage of a farm enrolled in DCP is inaccurate but within tolerance as provided in paragraph (b) of this section and CCC determines the producer made a good faith effort to comply with the provisions of this section, the producers shall accept a reduction in the direct and counter-cyclical payments for each such acre.

(2) If an acreage report of fruits, vegetables or wild rice planted on base acreage of a farm enrolled in DCP is inaccurate and exceeds the tolerance as provided in paragraph (b) of this section, but CCC determines the producer made a good faith effort to comply with the provisions of this section, the producers shall accept a reduction in the direct and counter-cyclical payments for the farm in an amount equal to the sum of:

(i) The direct and counter-cyclical payments for each such acre, plus

(ii) Twice the average dollar value of the direct payment for the covered commodity and peanut base acreage reduced because of the fruit, vegetable, and wild rice plantings on such acreage, multiplied by the total number of acres in violation.

(3) The contract shall be terminated if an acreage report of fruits, vegetables or wild rice planted on base acreage of a farm enrolled in DCP is inaccurate, and the county committee determines the producer did not make a good faith effort to comply with the provisions of this section. Upon such termination, producers subject to such contract shall:

(i) Forfeit all rights to receive direct and counter-cyclical payments for the farm;

(ii) Refund all direct and counter-cyclical payments received for the farm, plus interest as determined in accordance with part 1403 of this chapter; and

(iii) Be ineligible for all program benefits according to part 718 of this title.